

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name IDA TOWNSHIP	County MONROE
Audit Date 6/30/05	Opinion Date 7/22/05	Date Accountant Report Submitted to State: 11/02/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC			
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
Accountant Signature <i>Cooley Hehl Wohlgamuth & Carlton</i>		ZIP 48161	Date 10-26-05

IDA TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

June 30, 2005

IDA TOWNSHIP

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COOLEY HEHL
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Independent Auditor's Report

Township Board
Ida Township
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ida Township, Monroe County, Michigan as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ida Township, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ida Township, Monroe County, Michigan as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 30 through 32, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ida Township, Monroe County, Michigan basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cooley Hehl Wohlgamuth & Carlton

July 22, 2005

IDA TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2005

This section of Ida Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

The Governmental Accounting Standards Board (GASB) adopted this reporting model in *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ida Township financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds - the General Fund, the Sewer Receiving Fund, the Water District #1 Debt Fund, and the Water District #1 Construction Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

Budgetary Information for Major Funds
(Required Supplemental Information)

Other Supplemental Information

IDA TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2005

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Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 9-10), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The Statement of Net Assets and Statement of Activities report the governmental activities for the Township, which encompass all of the Township's services, including general government services, public safety, public works, culture and recreation. Property taxes, state grants, and capital contributions finance most of these activities.

Fund Financial Statements

The Township's Fund Financial Statements (pages 11-17) provide detailed information about the most significant or "major" funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds - All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 13 and 16.

Fiduciary funds - An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

IDA TOWNSHIP

Management's Discussion and Analysis *Year Ended June 30, 2005*

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of June 30, 2005:

Table 1:

Condensed Statement of Net Assets June 30,

	Governmental Activities	
	2005	2004
Current and other assets	\$3,639,704	\$5,830,740
Capital assets	<u>3,745,087</u>	<u>1,685,372</u>
Total Assets	7,384,791	7,516,112
Current and other liabilities	1,985,741	2,226,844
Long-term liabilities	<u>2,838,768</u>	<u>3,105,395</u>
Total Liabilities	<u>4,824,509</u>	<u>5,332,239</u>
Net Assets		
Invested in capital assets, net of related debt	906,319	734,977
Restricted for:		
Debt service	335,775	121,923
Capital projects	240,931	196,408
Public works	131,465	131,811
Fire protection	49,897	181,508
Building code enforcement	8,793	18,156
Liquor law enforcement	864	1,300
Recreation and cultural	10,645	53,585
Unrestricted	<u>875,593</u>	<u>744,205</u>
Total Net Assets	<u>\$2,560,282</u>	<u>\$2,183,873</u>

As depicted in Table 1, the Township's net assets were \$2,560,282 at June 30, 2005. Of this amount, a positive \$875,593 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal year ended June 30, 2005.

IDA TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2005

Government-Wide Financial Analysis - Concluded

Table 2:

Changes in Net Assets Year Ended June 30,

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenues		
Program revenues:		
Charges for services	\$ 272,069	\$ 278,175
Operating grants and contributions	2,287	25,376
Capital grants and contributions	<u>294,919</u>	<u>584,169</u>
	569,275	887,720
General revenues:		
Property taxes	316,567	252,616
State grants	333,014	340,401
Other general revenues	<u>181,427</u>	<u>72,426</u>
	<u>831,008</u>	<u>665,443</u>
Total Revenues	1,400,283	1,553,163
Functions/Program Expenses		
Legislative	8,902	8,621
General government	286,582	263,347
Public safety	169,384	207,648
Public works	425,986	111,513
Culture and recreation	9,973	44,560
Interest on long-term debt	<u>123,047</u>	<u>68,743</u>
Total Expenses	<u>1,023,874</u>	<u>697,157</u>
Increase (Decrease) in Net Assets	<u>\$ 376,409</u>	<u>\$ 856,006</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$1,023,874. Of this amount, \$569,275 was subsidized with revenue generated from charges for services, grants and other contributions with the remaining costs financed with general revenues.

The Township experienced an increase in net assets of \$376,409. The increase in net assets differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net assets appears on page 16.

IDA TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2005

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Ida Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$1,673,144, which is a decrease of \$1,951,702 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Sewer Receiving Fund</u>	<u>Water District #1 Debt Fund</u>	<u>Water District #1 Construction Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund balances - Beginning of year	\$ 668,716	\$126,484	\$137,874	\$ 2,351,408	\$ 340,364	\$ 3,624,846
Increase (decrease)	<u>128,168</u>	<u>768</u>	<u>213,243</u>	<u>(2,110,477)</u>	<u>(183,404)</u>	<u>(1,951,702)</u>
Fund balances - End of year	<u>\$796,884</u>	<u>\$127,252</u>	<u>\$351,117</u>	<u>\$ 240,931</u>	<u>\$ 156,960</u>	<u>\$ 1,673,144</u>

The Township's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

Revenues	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Percent Change</u>
Property taxes and special assessments	\$172,677	\$129,790	33.04 %
Licenses and permits	8,276	11,967	(30.84)%
State grants	333,014	340,401	(2.17)%
Contributions from local units	107,604	-	N/A
Charges for services	33,370	21,950	52.03 %
Interest	7,378	3,295	123.92 %
Other	30,633	39,439	(22.33)%
Operating transfers in	<u>18,950</u>	<u>99</u>	19,041.41%
	<u>\$711,902</u>	<u>\$546,941</u>	30.16%

IDA TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2005

Fund Financial Analysis – Concluded

The increase in property taxes during 2005 was due to the addition of an administration fee. The contributions from local units represent donated fire equipment of \$107,604. The charges for services increased due to an increase of \$100 per run for fire runs. The increase in transfers was due to the transfer from the Library Fund to reimburse the General Fund for expenditures.

Expenditures	June 30, 2005	June 30, 2004	Percent Change
Legislative	\$ 8,902	\$ 8,621	3.26%
General government	207,327	203,347	1.96%
Public safety	20,965	18,270	14.75%
Public works	137,468	78,299	75.57%
Recreation and cultural	3,279	40,303	(91.86)%
Other	161,377	393,264	(59.00)%
Debt service	44,416	-	N/A
	<u>\$583,734</u>	<u>\$742,104</u>	(21.34)%

Public safety expenditures increased due to the fire department receiving all of the run money as compared to the prior year when the fire department received half of the run money. Public works increased due to the increase in cost to repair, seal, and mow the roads. The Township also had more road projects during 2005. Recreation and cultural expenditures and capital outlay decreased because the majority of the library construction and Township hall construction was completed in 2004.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Revisions to the General Fund original budget were as follows:

The revisions made to the original budget and the final amended budgets were relatively minor. Original revenues of \$489,310 were amended to include playground revenue adjustments. The original budget for expenditures was \$573,012; the final budget was \$561,964. The amendments were an increase to general administration to purchase furniture and equipments. Roads were decreased because the original budget did not reflect the self-help money. Parks and recreation was amended for the improvement of the park. The Township has applied for grant money to improve the park.

IDA TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2005

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Capital Asset and Debt Administration

Capital Assets

At June 30, 2005, the Township had \$4,433,217 invested in a broad range of capital assets, including land, land improvements, building and improvements, machinery and equipment, vehicles, and a water line. This amount represents a net increase (including additions and disposals) of \$2,136,510 from last year. The additions were for new computers, software, sign, fire equipment, rescue truck, and water line construction. The water line construction accounted for \$1,873,694 of the additions. The additions also included \$114,144 in fire equipment of which \$107,604 was donated to the Township via a County of Monroe grant. Depreciation for this year totaled \$76,795. Detailed information regarding capital assets is included in Note 8 to the financial statements.

Debt

At June 30, 2005, the Township had \$2,838,768 in contract liability and loans payable. The sewer and water bonds continue to be paid through collections of special assessments. The Library and Township Hall loan payable is paid through the tax levy. Detailed information regarding debt is included in Note 5 to the financial statements.

Development of the 2005-06 Fiscal Year Budget

Our elected officials consider many factors when setting the Township's 2005-06 fiscal year budget.

The revenue budget for the 2006 fiscal year is consistent with the prior year. The Township budgeted revenues as close to actual as possible with the revenues remaining stable when compared to the 2004-2005 actual revenues.

The expenditure budget for the 2006 fiscal year increases the expenditures for roads by approximately \$112,750 for more road projects. There was an increase for parks and recreation capital outlay to update the whole park with walking/biking paths and new playground equipment. The budget for insurance increased due to the new building and a new fire truck.

Contacting Ida Township's Business Office

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact the Ida Township Clerk, 3016 Lewis Avenue, P.O. Box 239, Ida, MI 48140.

IDA TOWNSHIP*Statement of Net Assets**June 30, 2005*

	Governmental Activities
Assets	
Cash and cash equivalents	\$1,176,255
Cash with fiscal agent	294,083
Receivables:	
Accounts and accrued interest	57,803
Special assessment	1,951,732
Sewer tap	49,284
Due from other governmental units	110,547
Depreciable capital assets, net	3,745,087
Total Assets	7,384,791
Liabilities	
Accounts payable	51,273
Accrued interest payable	19,181
Deferred revenue	1,877,636
Customer deposits	780
Performance bonds	36,871
Long-term liabilities:	
Due within one year	348,562
Due in more than one year	2,490,206
Total Liabilities	4,824,509
Net Assets	
Invested in capital assets, net of related debt	906,319
Restricted for:	
Debt service	335,775
Capital projects	240,931
Public works	131,465
Fire protection	49,897
Building code enforcement	8,793
Liquor law enforcement	864
Recreation and cultural	10,645
Unrestricted	875,593
Total Net Assets	\$2,560,282

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Statement of Activities

Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities:					Governmental Activities
Legislative	\$8,902	\$0	\$0	\$0	(\$8,902)
General government	286,582	13,221	0	0	(273,361)
Public safety	169,384	66,982	1,787	107,604	6,989
Public works	425,986	191,866	0	187,315	(46,805)
Recreation and cultural	9,973	0	500	0	(9,473)
Interest on long-term debt	123,047	0	0	0	(123,047)
Total Governmental Activities	\$1,023,874	\$272,069	\$2,287	\$294,919	(454,599)
General Revenues:					
Property taxes					316,567
State grants					333,014
Interest and investment earnings					149,169
Other					32,258
Total General Revenues					831,008
Change in Net Assets					376,409
Net Assets - Beginning of year					2,183,873
Net Assets - End of year					\$2,560,282

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

*Governmental Funds
Balance Sheet
June 30, 2005*

	General	Sewer Receiving Fund	Water District #1 Debt Fund
Assets			
Cash and cash equivalents	\$722,224	\$42,278	\$241,886
Cash with fiscal agent	0	12,324	859
Receivables:			
Accounts and accrued interest	1,459	56,344	0
Special assessment	0	0	1,951,732
Sewer tap	0	49,284	0
Due from other funds	10,950	0	2,761
Due from other governmental units	110,547	0	0
Total Assets	\$845,180	\$160,230	\$2,197,238
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$10,116	\$0	\$737
Due to other funds	3,729	0	726
Deferred revenue	0	32,978	1,844,658
Customer deposits	780	0	0
Performance bonds	33,671	0	0
Total Liabilities	48,296	32,978	1,846,121
Fund Balances			
Reserved for streetlights	8,052	0	0
Reserved for sludge removal	0	10,770	0
Reserved for debt service	0	0	351,117
Reserved for capital projects	0	0	0
Unreserved - designated for park	21,247	0	0
Unreserved:			
Undesignated, reported in:			
General Fund	767,585	0	0
Special Revenue Funds	0	116,482	0
Capital Projects Fund	0	0	0
Total Fund Balances	796,884	127,252	351,117
Total Liabilities and Fund Balances	\$845,180	\$160,230	\$2,197,238

See accompanying notes to the basic financial statements.

Water District #1 Construction Fund	Other Nonmajor Governmental Funds	Totals
\$0	\$169,867	\$1,176,255
280,900	0	294,083
0	0	57,803
0	0	1,951,732
0	0	49,284
0	968	14,679
0	0	110,547
<u>\$280,900</u>	<u>\$170,835</u>	<u>\$3,654,383</u>
\$39,969	\$451	\$51,273
0	10,224	14,679
0	0	1,877,636
0	0	780
0	3,200	36,871
39,969	13,875	1,981,239
0	0	8,052
0	0	10,770
0	0	351,117
240,931	0	240,931
0	0	21,247
0	0	767,585
0	107,063	223,545
0	49,897	49,897
<u>240,931</u>	<u>156,960</u>	<u>1,673,144</u>
<u>\$280,900</u>	<u>\$170,835</u>	<u>\$3,654,383</u>

IDA TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2005

Total Fund Balances - Governmental Funds		\$1,673,144
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$4,433,217	
Accumulated depreciation	<u>(688,130)</u>	
		3,745,087
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Contract liability	(2,584,390)	
Loan payable	(254,378)	
Accrued interest	<u>(19,181)</u>	
		<u>(2,857,949)</u>
Total Net Assets - Governmental Activities		<u><u>\$2,560,282</u></u>

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2005

	General	Sewer Receiving Fund	Water District #1 Debt Fund
Revenues			
Property taxes and special assessments	\$172,677	\$0	\$187,315
Licenses and permits	8,276	0	0
State grants	333,014	0	0
Contribution from local units	107,604	0	0
Charges for services	33,370	191,866	0
Interest	7,378	6,902	118,132
Other revenue	30,633	0	0
	<hr/>	<hr/>	<hr/>
Total Revenues	692,952	198,768	305,447
Expenditures			
Legislative	8,902	0	0
General government	207,327	0	0
Public safety	20,965	0	0
Public works	137,468	34,533	2,398
Recreation and cultural	3,279	0	0
Other	161,377	0	0
Capital outlay	0	0	0
Debt service	44,416	163,467	89,806
	<hr/>	<hr/>	<hr/>
Total Expenditures	583,734	198,000	92,204
Excess (Deficiency) of Revenue Over Expenditures	109,218	768	213,243
Other Financing Sources (Uses)			
Operating transfers in	18,950	0	0
Operating transfers out	0	0	0
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	18,950	0	0
Net Change in Fund Balances	128,168	768	213,243
Fund Balances - Beginning of year	668,716	126,484	137,874
	<hr/>	<hr/>	<hr/>
Fund Balances - End of year	\$796,884	\$127,252	\$351,117
	<hr/>	<hr/>	<hr/>

See accompanying notes to the basic financial statements.

Water District #1 Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$143,890	\$503,882
0	40,182	48,458
0	1,787	334,801
0	0	107,604
0	0	225,236
13,934	2,823	149,169
0	500	31,133
13,934	189,182	1,400,283
0	0	8,902
0	0	207,327
0	257,349	278,314
0	0	174,399
0	1,663	4,942
0	0	161,377
2,124,411	0	2,124,411
0	94,624	392,313
2,124,411	353,636	3,351,985
(2,110,477)	(164,454)	(1,951,702)
0	0	18,950
0	(18,950)	(18,950)
0	(18,950)	0
(2,110,477)	(183,404)	(1,951,702)
2,351,408	340,364	3,624,846
\$240,931	\$156,960	\$1,673,144

IDA TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds		(\$1,951,702)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	(\$76,795)	
Capital outlay	<u>2,136,510</u>	
		2,059,715
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		1,769
Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).		<u>266,627</u>
Change in Net Assets of Governmental Activities		<u><u>\$376,409</u></u>

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Agency Fund
Statement of Fiduciary Net Assets
June 30, 2005

Tax Collection
Agency Fund

Assets

Cash

\$1,800

Liabilities and net assets

Due to other governmental units

\$1,800

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes general operations, library, fire, debt, and construction of the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of Ida Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. All of the Township's government-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Continued) Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available of use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Sewer Receiving Fund accounts for collection of tap-in, operation and maintenance, and user charges for the Ida-Raisinville Sewer System.

The Water District #1 Debt Fund accounts for the collection of special assessments used to pay the cost of a \$2,155,000 bond issue.

The Water District #1 Construction Fund accounts for moneys for the financing of construction of the water line extension.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Township reports the following nonmajor governmental funds:

The Liquor Law Enforcement Fund, Improvement Revolving Fund, Building Department Fund, Budget Stabilization Fund, Ida Branch Library Fund, and Fire Millage Fund are the Township's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent February 15 of the following year. Summer taxes are billed July 1 and due by September 14.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of one thousand dollars. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvement	20 years
Buildings and buildings improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years
Water line	50 years

DueTo/From Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Concluded)
Basis of Presentation (Concluded)
F. Budgetary Policies (Concluded)

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Treasurer submits to the Township Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year, the budget is monitored and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2005, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund	\$561,964	\$583,734	\$(21,770)
Liquor Law Enforcement Fund	2,025	2,223	(198)
Building Department Fund	36,500	49,545	(13,045)
Ida Branch Library Fund	72,000	94,624	(22,624)

Note 4 Property Tax

The Township bills and collects its own property taxes and also taxes for the County of Monroe, Ida Public Schools, Summerfield Schools, Monroe County Intermediate School District and Monroe County Community College. Tax collections are accounted for in the Tax Collection Agency Fund. For 2004, the Township tax levy was spread as follows:

General Fund	0.8384
Fire Department	0.5000
Library Fund	0.4876
	<u>1.8260</u>

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 4 Property Tax (Concluded)

The Township's 2004 property taxes, levied on December 1, 2004 on assessed valuation as of December 31, 2003, were due and payable by February 14, 2005. Summer taxes are billed July 1 and are due September 14. Taxable values, which amounted to \$145,669,050 are based on a percentage of the fair market value of the assessed property. Property tax revenue is recorded when the taxes are levied.

For the year ended June 30, 2005, the Township also billed and retained \$36,731 as administrative fees for the above tax collection.

Note 5 Long-Term Debt

The following is a summary of long-term debt outstanding as of June 30, 2005:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Original Maturity Dates</u>	<u>Amount of Issue</u>	<u>Balance Outstanding</u>
Contract liability for:					
Sewage Disposal					
Refunding Bonds	3.000%-				
(Ida/Raisinville #1)	5.400%	12/01/93	11/1/94-07	\$1,625,320	\$ 434,390
Water Supply System Bonds					
(Township of Ida System No.1)	2.000%-				
Series 2004	4.875%	6/23/04	5/01/04-23	2,155,000	2,150,000
Loan Payable for:					
Library and Township					
Hall	3.750%	6/17/03	6/17/03-08	500,000	<u>254,378</u>
					<u>\$2,838,768</u>

Changes in bond principal during the 2004-05 fiscal period are summarized as follows:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Due In One Year</u>
Sewage Disposal					
Refunding Bonds					
(Ida/Raisinville #1)	\$ 570,810	\$ -	\$136,420	\$ 434,390	\$136,420
Limited Tax Water					
Supply System Bonds					
(Township of Ida System No. 1)					
Series 2004	2,155,000	-	5,000	2,150,000	110,000
Library and Township					
Hall - Loan Payable	<u>379,585</u>	<u>-</u>	<u>125,207</u>	<u>254,378</u>	<u>102,142</u>
	<u>\$3,105,395</u>	<u>\$ -</u>	<u>\$266,627</u>	<u>\$2,838,768</u>	<u>\$348,562</u>

IDA TOWNSHIP

Notes to Financial Statements Year Ended June 30, 2005

Note 5 Long-Term Debt (Continued)

The following are the repayment schedules of the June 30, 2005 balances:

Contract liability for Sewage Disposal Refunding Bonds (Ida/Raisinville Townships System #1) - original issue of \$2,270,000, with the Township's share equaling \$1,625,320. The bonds were issued December 1, 1993 by the County of Monroe to advance refund the Limited Tax Sewage Disposal Bonds. Ida Township is financing their portion of these costs through a special assessment levied against the benefitting property owners and a monthly user debt service charge:

Fiscal Year	Interest Due		Principal Due	Totals
	November 1	May 1	November 1	
2006	\$16,040	\$11,100	\$190,000	\$217,140
2007	11,100	5,535	210,000	226,635
2008	5,535	0	205,000	210,535
	<u>\$32,675</u>	<u>\$16,635</u>	<u>\$605,000</u>	<u>\$654,310</u>
	\$49,310		\$605,000	\$654,310
	<u>x .7180</u>		<u>x .7180</u>	<u>x .7180</u>
Ida Township's Portion	<u>\$35,405</u>		<u>\$434,390</u>	<u>\$469,795</u>

Allocation of debt service is based on the total number of residence equivalency units (REUs) for each township, and is recomputed on an annual basis. As of June 30, 2005, Ida Township's allocation is 71.80%.

Contract Liability for General Obligation Water Supply System Bonds - Contract Liability with Monroe County - Water Supply System Bonds (Township of Ida System No. 1), Series 2004 (Limited Tax General Obligation). The bonds were issued June 01, 2004, by the County of Monroe to pay for the construction of water supply improvements in special assessment district number one. These bonds are a general obligation of the Township and are being financed through a special assessment levied against homeowners benefitting from the construction.

IDA TOWNSHIP

Notes to Financial Statements Year Ended June 30, 2005

Note 5 Long-Term Debt (Continued)

Fiscal Year	Interest Due		Principal Due	Totals
	November 1	May 1	May 1	
2006	\$46,025	\$46,025	\$110,000	\$202,050
2007	44,100	44,100	120,000	\$208,200
2008	42,000	42,000	120,000	\$204,000
2009	39,750	39,750	120,000	\$199,500
2010	37,500	37,500	120,000	\$195,000
2011	35,100	35,100	120,000	\$190,200
2012	32,700	32,700	120,000	\$185,400
2013	30,300	30,300	120,000	\$180,600
2014	27,750	27,750	120,000	\$175,500
2015	25,200	25,200	120,000	\$170,400
2016	22,650	22,650	120,000	\$165,300
2017	19,950	19,950	120,000	\$159,900
2018	17,250	17,250	120,000	\$154,500
2019	14,400	14,400	120,000	\$148,800
2020	11,550	11,550	120,000	\$143,100
2021	8,700	8,700	120,000	\$137,400
2022	5,850	5,850	120,000	\$131,700
2023	2,925	2,925	120,000	\$125,850
	<u>\$463,700</u>	<u>\$463,700</u>	<u>\$2,150,000</u>	<u>\$3,077,400</u>

Loan payable for Library and Township Hall - on June 17, 2003, the Township entered into a purchase agreement with Monroe Bank & Trust. The purchase agreement is to provide/build a library and Township hall for a total aggregate purchase price of \$500,000. The Township is financing these costs through a tax millage.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
06/15/06	\$102,142	\$ 9,539	\$111,681
06/15/07	105,972	5,709	111,681
06/15/08	46,264	1,735	47,999
	<u>\$254,378</u>	<u>\$16,983</u>	<u>\$271,361</u>

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 5 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at June 30, 2005 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 348,562	\$121,076	\$ 469,638
2007	376,752	105,853	482,605
2008	313,454	89,709	403,163
2009	120,000	79,500	199,500
2010	120,000	75,000	195,000
2011-2015	600,000	302,100	902,100
2016-2020	600,000	171,600	771,600
2021-2023	360,000	34,950	394,950
	<u>\$2,838,768</u>	<u>\$979,788</u>	<u>\$3,818,556</u>

Note 6 Interfund Payables and Receivables

Such balances at June 30, 2005 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Budget Stabilization Fund	\$ 1,197	\$ -
Water District #1 Debt Fund	726	2,761
Building Department Fund	9,027	968
Budget Stabilization Fund:		
General Fund	-	1,197
Water District #1 Debt Fund:		
General Fund	2,761	726
Building Department Fund:		
General Fund	968	9,027
	<u>\$14,679</u>	<u>\$14,679</u>

Note 7 Interfund Transfers

Interfund transfers at June 30, 2005, consisted of the following:

		<u>Transfers Out</u>	
	<u>Budget Stabilization Fund</u>	<u>Ida Branch Library Fund</u>	<u>Total</u>
<u>Transfers In:</u>			
General Fund	<u>\$366</u>	<u>\$18,584</u>	<u>\$18,950</u>

The transfers from the Budget Stabilization Fund to the General Fund represents the return of interest revenue. The transfer from the Ida Branch Library Fund to the General Fund was to reimburse the General Fund for library expenditures.

IDA TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 8

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Assets not being depreciated:				
Land	\$115,188	\$0	\$0	\$115,188
Construction in progress	267,045	1,873,694	0	2,140,739
	<u>382,233</u>	<u>1,873,694</u>	<u>0</u>	<u>2,255,927</u>
Capital assets being depreciated:				
Land improvements	6,200	0	0	6,200
Building and building improvements	1,402,886	5,000	0	1,407,886
Machinery and equipment	145,892	122,131	0	268,023
Vehicles	359,496	135,685	0	495,181
	<u>1,914,474</u>	<u>262,816</u>	<u>0</u>	<u>2,177,290</u>
Total capital assets	2,296,707	2,136,510	0	4,433,217
Less accumulated depreciation for:				
Land improvements	(1,550)	(310)	0	(1,860)
Building and building improvements	(190,206)	(35,877)	0	(226,083)
Machinery and equipment	(93,257)	(16,582)	0	(109,839)
Vehicles	(326,322)	(24,026)	0	(350,348)
	<u>(611,335)</u>	<u>(76,795)</u>	<u>0</u>	<u>(688,130)</u>
Total accumulated depreciation	(611,335)	(76,795)	0	(688,130)
Net capital assets	<u>\$1,685,372</u>	<u>\$2,059,715</u>	<u>\$0</u>	<u>\$3,745,087</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$31,482
Public safety	38,794
Culture and recreation	<u>6,519</u>
Total governmental activities	<u>\$76,795</u>

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 9

Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At June 30, 2005, Ida Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized four depositories: Monroe Bank and Trust, Cadre Financial Services, Inc., National City Bank, and United Bank and Trust.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$1,477,798 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$273,553, with uninsured deposits of \$1,204,245. The Township's deposits are at institutions with an established record of fiscal health and service. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2005*

Note 10 Pension Plan

Ida Township provides pension benefits for all of its employees through a defined contribution plan administered by Municipal Retirement Systems, Inc., which is affiliated with Travelers Insurance Company. The Plan became effective July 1, 1991. The Township contributes 7.65% of the employees' wages, and another 7.65% is withheld from the employees' wages and contributed. The contributions are 100% vested immediately.

The cost for the current fiscal year services was \$10,560 (7.65% of covered payroll) for the Township and the employees, for a total pension contribution for the year of \$21,120. The Township also paid an administrative fee of \$175. The contribution for the year was based on an estimated payroll of \$138,039. The total Township payroll for the fiscal year was \$162,628.

Note 11 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

IDA TOWNSHIP

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005

	Budgeted Amounts			Positive (Negative) Budget
	Original	Final	Actual	
Revenues				
Taxes and Special Assessments:				
Property taxes	\$116,000	\$116,000	\$122,118	\$6,118
Special assessments	13,500	13,500	13,828	328
Administrative fee	25,000	25,000	36,731	11,731
	<u>154,500</u>	<u>154,500</u>	<u>172,677</u>	<u>18,177</u>
Licenses and Permits	6,500	6,500	8,276	1,776
State grants	300,000	300,000	333,014	33,014
Contribution from local units	0	0	107,604	107,604
Charges for Services:				
Fire runs	20,000	20,000	26,800	6,800
Rentals	3,200	3,200	4,945	1,745
Other	1,400	1,400	1,625	225
	<u>24,600</u>	<u>24,600</u>	<u>33,370</u>	<u>8,770</u>
Interest	3,100	3,150	7,378	4,228
Other revenue	<u>610</u>	<u>1,110</u>	<u>30,633</u>	<u>29,523</u>
Total Revenues	489,310	489,860	692,952	203,092
Expenditures				
Legislative:				
Township board	8,950	8,950	8,902	48
General Government:				
Supervisor	20,512	20,514	20,455	59
Assessor	40,000	40,000	30,324	9,676
Elections	4,000	7,500	7,475	25
Audit	7,750	9,700	8,730	970
Attorney	8,000	8,000	2,330	5,670
Clerk	30,000	31,400	31,492	(92)
Board of review	1,300	1,300	1,123	177
General administration	35,000	48,900	38,004	10,896
Treasurer	28,750	30,150	29,503	647
Buildings and grounds	35,000	35,000	29,420	5,580
Cemetery	6,000	9,000	8,471	529
	<u>216,312</u>	<u>241,464</u>	<u>207,327</u>	<u>34,137</u>

IDA TOWNSHIP

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Year Ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Expenditures (Concluded)				
Public Safety:				
Fire department	\$4,000	\$4,000	\$14,381	(\$10,381)
Planning and zoning	14,000	14,000	6,584	7,416
	<u>18,000</u>	<u>18,000</u>	<u>20,965</u>	<u>(2,965)</u>
Public Works:				
Drains	2,700	4,200	3,924	276
Roads	205,000	192,250	117,149	75,101
Water system fees	0	0	1,124	(1,124)
Streetlighting	13,750	13,750	15,271	(1,521)
	<u>221,450</u>	<u>210,200</u>	<u>137,468</u>	<u>72,732</u>
Recreation and Cultural:				
Parks and recreation	500	20,550	0	20,550
Library	5,500	5,500	3,279	2,221
	<u>6,000</u>	<u>26,050</u>	<u>3,279</u>	<u>22,771</u>
Debt Service:				
Principal	0	0	38,883	(38,883)
Interest	0	0	5,533	(5,533)
	<u>0</u>	<u>0</u>	<u>44,416</u>	<u>(44,416)</u>
Other:				
Pension	9,000	9,000	9,163	(163)
Insurance	34,000	36,200	37,831	(1,631)
Social security/Medicare	2,300	2,300	1,779	521
Tax Tribunal	2,000	2,000	0	2,000
Capital outlay	45,000	0	112,604	(112,604)
Contingency	10,000	7,800	0	7,800
	<u>102,300</u>	<u>57,300</u>	<u>161,377</u>	<u>(104,077)</u>
Total Expenditures	<u>573,012</u>	<u>561,964</u>	<u>583,734</u>	<u>(21,770)</u>
Excess (Deficiency) of Revenues Over Expenditures	(83,702)	(72,104)	109,218	181,322
Other Financing Sources (Uses)				
Operating transfers in	203,000	0	18,950	18,950
Operating transfers out	<u>(97,000)</u>	<u>(148,500)</u>	<u>0</u>	<u>148,500</u>
Total Other Financing Sources (Uses)	106,000	(148,500)	18,950	167,450
Net Change in Fund Balance	22,298	(220,604)	128,168	348,772
Fund Balance - Beginning of year	<u>293,771</u>	<u>668,716</u>	<u>668,716</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$316,069</u></u>	<u><u>\$448,112</u></u>	<u><u>\$796,884</u></u>	<u><u>\$348,772</u></u>

IDA TOWNSHIP

Sewer Receiving Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services:				
Maintenance fees	\$18,000	\$18,000	\$25,399	\$7,399
Tap-in fees	14,000	14,000	18,730	4,730
Debt service fees	120,000	120,000	147,737	27,737
	<u>152,000</u>	<u>152,000</u>	<u>191,866</u>	<u>39,866</u>
Interest	<u>9,000</u>	<u>9,000</u>	<u>6,902</u>	<u>(2,098)</u>
Total Revenues	161,000	161,000	198,768	37,768
Expenditures				
Public works:				
Sewer maintenance	35,000	35,000	34,533	467
Debt service:				
Principal	130,000	130,000	136,420	(6,420)
Interest and fees	34,000	34,000	27,047	6,953
	<u>164,000</u>	<u>164,000</u>	<u>163,467</u>	<u>533</u>
Total Expenditures	199,000	199,000	198,000	1,000
Excess (Deficiency) of Revenues Over Expenditures	(38,000)	(38,000)	768	38,768
Other Financing Sources				
Operating transfers in	<u>40,000</u>	<u>90,000</u>	<u>0</u>	<u>(90,000)</u>
Net Change in Fund Balance	2,000	52,000	768	(51,232)
Fund Balance - Beginning of year	<u>100,669</u>	<u>126,484</u>	<u>126,484</u>	<u>0</u>
Fund Balance - End of year	<u>\$102,669</u>	<u>\$178,484</u>	<u>\$127,252</u>	<u>(\$51,232)</u>

IDA TOWNSHIP

Water District #1 Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$0	\$113,000	\$187,315	\$74,315
Interest	0	64,400	118,132	53,732
Other revenue	0	2,000	0	(2,000)
Total Revenues	0	179,400	305,447	126,047
Expenditures				
Public works	0	0	2,398	(2,398)
Debt service:				
Principal	0	5,000	5,000	0
Interest and fees	0	120,000	84,806	35,194
	0	125,000	89,806	35,194
Total Expenditures	0	125,000	92,204	32,796
Net Change in Fund Balance	0	54,400	213,243	158,843
Fund Balance - Beginning of year	0	137,874	137,874	0
Fund Balance - End of year	\$0	\$192,274	\$351,117	\$158,843

IDA TOWNSHIP

*Water District #1 Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance*

Year Ended June 30, 2005

	Actual
Revenues	
Interest	\$13,934
Expenditures	
Capital outlay:	
Construction	1,873,694
Fees	717
Miscellaneous	250,000
Total Expenditures	2,124,411
Net Change in Fund Balance	(2,110,477)
Fund Balance - Beginning of year	2,351,408
Fund Balance - End of year	\$240,931

IDA TOWNSHIP

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2005*

	Special Revenue Funds		
	Liquor Law Enforcement	Improvement Revolving	Building Department
Assets			
Cash and cash equivalents	\$864	\$64,761	\$20,503
Cash with fiscal agent	0	0	0
Accounts receivable	0	0	0
Sewer tap receivable	0	0	0
Due from other funds	0	0	968
Total Assets	<u>\$864</u>	<u>\$64,761</u>	<u>\$21,471</u>
Total Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$0	\$0	\$451
Due to other funds	0	0	9,027
Performance bonds	0	0	3,200
Total Liabilities	0	0	12,678
Fund Balances			
Unreserved	<u>864</u>	<u>64,761</u>	<u>8,793</u>
Total Fund Balances	<u>864</u>	<u>64,761</u>	<u>8,793</u>
Total Liabilities and Fund Balances	<u>\$864</u>	<u>\$64,761</u>	<u>\$21,471</u>

		Capital Projects Fund	
Budget Stabilization	Ida Branch Library	Fire Department Millage	Total Nonmajor Governmental Funds
\$23,197	\$10,645	\$49,897	\$169,867
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	968
<u>\$23,197</u>	<u>\$10,645</u>	<u>\$49,897</u>	<u>\$170,835</u>
\$0	\$0	\$0	\$451
1,197	0	0	10,224
0	0	0	3,200
1,197	0	0	13,875
22,000	10,645	49,897	156,960
22,000	10,645	49,897	156,960
<u>\$23,197</u>	<u>\$10,645</u>	<u>\$49,897</u>	<u>\$170,835</u>

IDA TOWNSHIP

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2005

	Special Revenue Funds		
	Liquor Law Enforcement	Improvement Revolving	Building Department
Revenues			
Property taxes	\$0	\$0	\$0
Licenses and permits	0	0	40,182
State grants	1,787	0	0
Interest	0	946	0
Other revenue	0	0	0
Total Revenues	1,787	946	40,182
Expenditures			
Public safety	2,223	0	49,545
Recreation and cultural	0	0	0
Debt service	0	0	0
Total Expenditures	2,223	0	49,545
Excess (Deficiency) of Revenues Over Expenditures	(436)	946	(9,363)
Other Financing Sources (Uses)			
Operating transfers out	0	0	0
Net Change in Fund Balances	(436)	946	(9,363)
Fund Balances - Beginning of year	1,300	63,815	18,156
Fund Balances - End of year	\$864	\$64,761	\$8,793

		Capital Projects Fund	
Budget Stabilization	Ida Branch Library	Fire Department Millage	Total Nonmajor Governmental Funds
\$0	\$71,041	\$72,849	\$143,890
0	0	0	40,182
0	0	0	1,787
366	390	1,121	2,823
0	500	0	500
366	71,931	73,970	189,182
0	0	205,581	257,349
0	1,663	0	1,663
0	94,624	0	94,624
0	96,287	205,581	353,636
366	(24,356)	(131,611)	(164,454)
(366)	(18,584)	0	(18,950)
0	(42,940)	(131,611)	(183,404)
22,000	53,585	181,508	340,364
\$22,000	\$10,645	\$49,897	\$156,960

IDA TOWNSHIP

Liquor Law Enforcement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State grants:				
Liquor license fees	\$2,200	\$2,200	\$1,787	(\$413)
Total Revenues	2,200	2,200	1,787	(413)
Expenditures				
Public safety:				
Liquor inspection	2,025	2,025	2,223	(198)
Excess (Deficiency) of Revenues Over Expenditures	175	175	(436)	(611)
Other Financing Sources				
Operating transfers in	0	1,000	0	(1,000)
Net Change in Fund Balance	175	1,175	(436)	(1,611)
Fund Balance - Beginning of year	1,128	1,300	1,300	0
Fund Balance - End of year	<u>\$1,303</u>	<u>\$2,475</u>	<u>\$864</u>	<u>(\$1,611)</u>

IDA TOWNSHIP

Improvement Revolving Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$300	\$300	\$946	\$646
Expenditures	10,000	10,000	0	10,000
Net Change in Fund Balance	(9,700)	(9,700)	946	10,646
Fund Balance - Beginning of year	110,651	63,815	63,815	0
Fund Balance - End of year	<u>\$100,951</u>	<u>\$54,115</u>	<u>\$64,761</u>	<u>\$10,646</u>

IDA TOWNSHIP

Building Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Non-business licenses and permits	\$42,000	\$42,000	\$40,182	(\$1,818)
Interest	<u>175</u>	<u>175</u>	<u>0</u>	<u>(175)</u>
Total Revenues	42,175	42,175	40,182	(1,993)
Expenditures				
Public safety:				
Building inspector	<u>36,500</u>	<u>36,500</u>	<u>49,545</u>	<u>(13,045)</u>
Net Change in Fund Balance	5,675	5,675	(9,363)	(15,038)
Fund Balance - Beginning of year	<u>35,763</u>	<u>18,156</u>	<u>18,156</u>	<u>0</u>
Fund Balance - End of year	<u>\$41,438</u>	<u>\$23,831</u>	<u>\$8,793</u>	<u>(\$15,038)</u>

IDA TOWNSHIP

Budget Stabilization Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$100	\$100	\$366	\$266
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenue Over Expenditures	100	100	366	266
Other Financing Uses				
Operating transfers out	<u>(100)</u>	<u>(100)</u>	<u>(366)</u>	<u>(266)</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of year	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$22,000</u></u>	<u><u>\$22,000</u></u>	<u><u>\$22,000</u></u>	<u><u>\$0</u></u>

IDA TOWNSHIP

Ida Branch Library Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$72,000	\$72,000	\$71,041	(\$959)
Interest	250	250	390	140
Other revenue:				
Contributions	2,000	2,000	500	(1,500)
Total Revenues	74,250	74,250	71,931	(2,319)
Expenditures				
Recreation and cultural	0	0	1,663	(1,663)
Debt service:				
Principal	72,000	72,000	86,324	(14,324)
Interest	0	0	8,300	(8,300)
	72,000	72,000	94,624	(22,624)
Total Expenditures	72,000	72,000	96,287	(24,287)
Excess (Deficiency) of Revenues Over Expenditures	2,250	2,250	(24,356)	(26,606)
Other Financing Sources				
Operating transfers out	0	0	(18,584)	(18,584)
Net Change in Fund Balance	2,250	2,250	(42,940)	(45,190)
Fund Balance - Beginning of year	446,946	446,946	53,585	(393,361)
Fund Balance - End of year	\$449,196	\$449,196	\$10,645	(\$438,551)

IDA TOWNSHIP

Fire Department Millage Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$70,000	\$70,000	\$72,849	\$2,849
Interest	300	300	1,121	821
Total Revenues	70,300	70,300	73,970	3,670
Expenditures				
Public safety:				
Other	29,350	29,350	40,491	(11,141)
Repairs and maintenance	17,200	17,200	14,041	3,159
Capital outlay	11,150	163,000	151,049	11,951
Total Expenditures	57,700	209,550	205,581	3,969
Excess (Deficiency) of Revenues Over Expenditures	12,600	(139,250)	(131,611)	7,639
Other Financing Sources				
Operating transfers in	5,000	7,500	0	(7,500)
Net Change in Fund Balance	17,600	(131,750)	(131,611)	139
Fund Balance - Beginning of year	173,537	181,508	181,508	0
Fund Balance - End of year	<u>\$191,137</u>	<u>\$49,758</u>	<u>\$49,897</u>	<u>\$139</u>

IDA TOWNSHIP

*Tax Collection Agency Fund
Statement of Changes in Assets and Liabilities*

June 30, 2005

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
Assets				
Cash	<u>\$6,743</u>	<u>\$3,576,166</u>	<u>\$3,581,109</u>	<u>\$1,800</u>
Liabilities				
Due to other governmental units	<u>\$6,743</u>	<u>\$3,576,166</u>	<u>\$3,581,109</u>	<u>\$1,800</u>



COOLEY HEHL
WOHLGAMUTH & CARLTON
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Certified Public Accountants

Township Board
Ida Township
Monroe County, Michigan

Report of Comments and Recommendations

Board Members:

Our audit of the financial statements of Ida Township for the fiscal year ended June 30, 2005, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. During the course of our audit, we noted certain practices and procedures which we believe could be changed to improve existing internal controls, accounting procedures and records, and other matters.

Our comments on these items are set forth herein for your review and have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore, do not encompass all matters that might result from special studies directed toward such matters.

Budgets

As required by Act 621, P.A. of 1978, we reviewed the Township's budgets for compliance with this budget law. For the fiscal year ended June 30, 2005, the budgets were not sufficiently amended for changes that occurred during the year. Therefore, the Township's expenditures exceeded appropriations in some areas as indicated in the financial statements.

We wish to express our appreciation for the continuing cooperation and courtesy extended to us by all officers and employees of the Township. We would be pleased to discuss any of these recommendations with you and to provide any assistance that you may require in their implementation.

Very truly yours,

A handwritten signature in cursive script that reads 'Cooley Hehl Wohlgamuth & Carlton'.

July 22, 2005